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SUBJECT: TFH01: BUSINESS LEADERS LUKEWARM ON POSSIBLE AGREEMENT

Classified By: Ambassador Hugo Llorens for reasons 1.4 b/d.

¶1. (C) Summary: At an October 17 meeting, leading members of the business community told the Ambassador and OAS Ambassador John Biehl that they had reservations about a proposed political accord that was agreed upon by representatives of both President Zelaya and the de facto regime before being rejected by de facto president Micheletti. They expressed concern that members of Congress, who under the accord would be responsible for deciding whether to reinstate President Zelaya, were being paid off by Zelaya. They advocated placing the decision in the hands of the Supreme Court, a solution that had been proposed by the Micheletti team and immediately rejected by the Zelaya team. After a lengthy discussion, however, the business leaders took the position that if the two sides agreed to a deal, they would support it and urge Congress to assume its responsibility and ably manage the issue. End summary.

¶2. (C) The Ambassador met with leading members of the business community on October 17 to discuss the ongoing negotiations between representatives of the Zelaya administration and the de facto Micheletti government. OAS Ambassador John Biehl also participated, as did the DCM, Economic Counselor, and Consul General. Honduran participants in the meeting included Amilcar Bulnes, President of the Honduran Private Enterprise Council (COHEP); Norman Garcia and Tony Tavel, both COHEP directors; Camilo Atala, President of the Latin American Enterprise Council (CEAL); Adolfo Facusse, President of the Association of Industrialists (ANDI); Roque Rivera, president of the Honduran Association of Banking Institutions (AHIBA); and Aline Flores, President of the Tegucigalpa Chamber of Commerce.

¶3. (C) The Ambassador and Ambassador Biehl presented a detailed briefing on the negotiations. The Ambassador told the group that the Zelaya and Micheletti negotiating teams had agreed to a settlement whereby the National Congress would decide whether President Zelaya would be returned to office. However, when the agreement was taken to Micheletti and his team for consideration, they rejected it, suggesting instead that the Supreme Court be responsible for deciding on Zelaya's fate (a non-starter for the Zelaya side, given the court's agreement in his dismissal).

¶4. (C) The business community representatives expressed fear over rumors that the Zelaya side was paying off many of the 79 lame-duck legislators. Another concern was that there would not be enough time to put into place an interim government and a verification commission before the November

29 presidential elections. The business representatives reiterated longstanding concerns about the damage that President Zelaya and Venezuelan President Hugo Chavez could do if the former were restored to office. The group also worried that the Supreme Court could decide that the plan was unconstitutional, resulting in a renewed state of crisis. The consensus among them was that the Supreme Court rather than the National Congress should be given responsibility for deciding whether Zelaya would return to power.

¶15. (C) The Ambassador and Ambassador Biehl encouraged the group to consider the advantages of a political solution to the crisis rather than focusing on the potential downside. The Ambassador said that a settlement would allow a return to fully normalized relations following the inauguration of a new government in January. Ambassador Biehl said that there would be visits by a number of very senior officials in the region following the agreement, in addition to the presence of the members of the verification commission, which would be comprised of eminent persons from a number of countries, probably including the United States.

¶16. (C) The business representatives emphasized that they do not see themselves as being in a position to influence either the Micheletti faction or the Zelaya camp, which, they noted, has very little contact with the business community. They agreed, however, to respect any solution that resulted from an agreement of the two sides, and to urge Congress to assume its responsibility and ably manage the issue.

LLORENS